Determinants of Voluntary Tax Compliance in SMES.

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Abstract
The objective of the study is to examine the determinants of voluntary tax compliance in SMEs. The research design used in the study is the survey research design. The study adopted a sample of 354 SMEs operating in Edo State using simple random sampling technique. The nature and non-availability of publicly available secondary data on SMEs necessitated the use of primary data for the study. This study adopts questionnaire as the research instrument. The study made use of chi-square non-parametric statistics in the analysis of the data. The chi-square statistics is used in this study to show the relationship between the independent and dependent categorical variables. Based on the study findings, the following recommendations are made; that there is the need for both formal and non-formal trainings for SMEs operators. And that tax authorities should work at improving their tax service quality as this has been found to influence voluntary compliance. Finally, many SMEs do not understand the basics of tax filling especially under the new self-assessment regime. Thus, the study recommends that there is the need to reduce any bottlenecks and complexity in the tax system so as to make it easier for SMEs to comply voluntarily.

Key words: Tax determinants, Voluntary Tax, Non-voluntary tax, tax knowledge, tax compliance

Introduction

Poor performance of tax revenue collection characterizes what has been termed the "tax compliance dilemma" portraying several developing economies. Tax compliance is a major problem for many tax authorities and it is not an easy task to persuade taxpayers to comply with tax requirements. The exact meaning of voluntary tax compliance has been defined in various ways. For example, Andreoni, Erard, and Feinstein (1998) claimed that tax compliance should be defined as taxpayers' willingness to obey tax laws in order to obtain the economy equilibrium of a country. Kirchler (2007) perceived a simpler definition in which voluntary tax compliance is defined as the most neutral term to describe taxpayers' willingness to pay their taxes. Similarly, tax compliance is also defined by several tax authorities as the ability and willingness of taxpayers to comply with tax laws, declare the correct income in each year and pays the right amount of taxes on time (Internal Revenue Service Act, 2000). In contrast with tax compliance, tax non-compliance is defined as the failure of a taxpayer to report (correctly)

the actual income, claim deductions and rebates and remit the actual amount of tax payable to the tax authority on time (Kirchler 2007).

The question one is forced to ask is why people should choose to pay or not to pay taxes? This question has received increased attention in the tax compliance literature in the last few years. One possibility is to "force" people to pay their taxes following a deterrence policy. Importantly, Kornhauser (2007) notes that the economic approach accounts for only a minor portion of actual compliance levels. It has such poor explanatory power because it assumes that the decision to comply is based solely on a cost-benefit analysis in which people rationally weigh the benefits of non-compliance against the costs of detection and penalties.

Consequently, the intrinsic motivation or a sense of moral obligation to pay taxes, has been identified as the missing link in the tax compliance puzzle. Frey and Feld (2002) argue that the decision to comply is not purely rational. Rather, personal values, demographic factors, social norms, and non-rational cognitive processes also strongly affect the decision. Feld and Tyran (2002) notes that tax compliance is not just a function of opportunity, tax rates, regulation, and probability of detection and so on but of each individual's willingness to comply shaped by tax morale.

However, most of the recent studies on tax compliance in Nigeria such as Gberegbe and Umoren (2017) Olaoye, Ayeni-Agbaje, Alaran-Ajewole (2017) Oladipupo and Obazee (2016) did not focus on the role of self-assessment system in effecting tax compliance. It appears that despite the shift to self-assessment system, the quest to improve compliance levels appears daunting.

The focus of this study is to assess if these non-economic factors have any meaningful influence on voluntary tax compliance levels using selected SME's as case study. This is crucial as there is a growing emphasis on tax authorities especially in developing economies to develop a new perspective on the way to build voluntary tax compliance.

Literature Review

Voluntary Tax Compliance

The definition of tax compliance in its simplest form is usually cast in terms of the degree to which taxpayers comply with the tax law. However, like many such concepts, the meaning of compliance can be seen almost as a continuum of definitions. This ranges from the narrow law enforcement approach, through wider economic definitions and on to even more comprehensive versions relating to taxpayer decisions to conform to the wider objectives of society as reflected in tax policy. Kirchler (2007) perceived a simpler definition in which tax compliance is defined as the most neutral term to describe taxpayers' willingness to pay their taxes. A wider definition of tax compliance given by Song and Yarbrough (2008) suggested that tax compliance should be defined as taxpayers' ability and willingness to comply with tax laws which are determined by ethics, legal environment and other situational factors at a particular time

and place. Similarly, tax compliance is also defined by several tax authorities as the ability and willingness of taxpayers to comply with tax laws, declare the correct income in each year and pays the right amount of taxes on time (Internal Revenue Service Act, 2000).

Singh (2003) notes that tax compliance has also been segregated into two perspectives, namely compliance in terms of administration and compliance in terms of completing (accuracy) the tax returns (Chow 2004). Compliance in pure administrational terms therefore includes registering or informing tax authorities of status as a taxpayer, submitting a tax return every year (if required) and following the required payment time frames. Bhupalan (2001) opines that the wider perspective of compliance becomes a major issue in a self-assessment system since the total amount tax payable is highly dependent on the levels of tax compliance this perspective reveals, although it is inevitable that tax authorities will seek to 'influence' the areas taxpayers have influence over determining to reduce the risks of non-compliant behaviour they face otherwise e.g. through continuously conducting tax audits of different sorts and other means such as various compliance influencing activities including tax education.

Determinants of Voluntary Tax Compliance
Tax knowledge: Knowledge as one of the factors in compliance is related to the taxpayers' ability to understand taxation laws, their willingness to comply and perhaps ways to reduce tax compliance costs. One aspect of knowledge that relates to compliance is the general understanding about taxation regulations and information pertaining to the opportunity to evade tax (Eriksen & Fallan, 1996). Taxation knowledge is necessary to increase public awareness especially in areas concerning taxation laws, the role of tax in national development, and especially to explain how and where the money collected is spent by the government (Mohd, 2010).

Complexity: Complexity may result in unintentional non-compliance if taxpayers have problems with filling the tax form. Furthermore, complexity can reduce the moral costs of evading taxes. Such noncompliance differs from other crimes, because it can be argued that the errors occurred unintentionally due to misinterpretation of the rules. Krause (2000) states that when rules are complex, compliance and enforcement will be imperfect. It imposes high tax compliance costs on the taxpayers and the tax administration and undermines the effectiveness of the tax policies. A more complex tax law is able to better determine taxpayers' ability to pay and could stop those who would be able to exploit tax rules. On the other hand, additional compliance and administration costs are higher (Kaplow 2006) and taxpayers could be frustrated.

Awareness of offences and penalties: From the tax administration viewpoint, researchers have concluded that compliance could be influenced by education taxpayers of their social responsibilities to pay and thus their intention would be to comply. As a behaviour problem, tax compliance depends on the cooperation of the public. There are greater gains in assisting compliant taxpayers meet their fiscal obligations rather than

spending more resources pursuing the minority of no-compliers. Assisting tax payers by improving the flow and quality of information or education them (e. g, TV campaigns) in to becoming more responsible citizens has the potential to yield greater revenue than if it were spent on enforcement activities. A theoretical economic model introduced by Allingham and Sandmo (1972) has clearly indicated that penalties as well as audit probability have an impact on tax compliance. The higher the penalty and the potential audit probability the greater discouragement for potential tax evasion.

Education: Standard models of tax compliance assume that taxpayers are fully informed of all the aspects that cover the tax reporting process (Andreoni,, Erard & Feinstein, 1998). However, this is a strong assumption. The degree of knowledge and information might be an important factor in the way taxpayers behave. Better educated taxpayers are supposed to know more about tax law and fiscal connections and thus would be in a better position to assess the degree of compliance. However, it should be noticed that there might be people with lower education who have acquired a high knowledge about taxation (Eriksen & Fallan 2006). Some taxpayers might find the complexity of tax information more difficult to understand than others (Pinney 1993).

Braithwaite (2001) from a survey of 1000 Australians in 1998 reports that More educated people may be less compliant because they better understand the opportunities for avoiding taxes. Witte and Woodbury (2005) found that compliance is higher in established, but growing areas, which are populated largely by middle class. Areas with a better educated population have low levels of compliance.

Socio-Economic and Demographic Factors: According to Torgler and Schaltegger (2007) Socio-demographic factors which are generally agreed to be critical determinants of behavior have also been observed to influence tax morale. Most theories regarding the effects of socio-demographic factors on compliance behavior have been developed by social psychologists. Tittle (1980) argues that age is significantly and positively correlated with tax morale and tax compliance and that female are more compliant and less self-reliant than males. This may suggest that tax morale may also be correlated with gender. According to Tittle (2008), the reason could be that females are more risk averse than males. Marital status might influence the extent to which an individual rationalizes independently the need to act legally depending on the extent to which individuals are constrained by their social networks. Evidence from Switzerland and the United States shows a tendency for married people to have stronger tax morale than singles (Tittle, 2008).

Infrastructural Development: According to Everest-Phillip and Sandall (2009) taxpayer's evaluation of the level of infrastructural development is an indicator of the public governance quality which can influence tax morale. Both authors argue that through payment of taxes the government is able to meet its obligations to the people. It follows therefore that how government goes about in fulfilling these obligations should

matter to the taxpayers because they provide the finance for its sustenance. As a result, governance affairs may have either positive or negative influence on the tax morale of taxpayers. The tax function creates a relational vertical contract between government and taxpayers referred to as quid pro quo of taxation. Lassen (2003) defines the expectation of requisite public goods in exchange for taxes paid as the terms of that vertical contract. According to the argument of quid pro quo, complying with tax law provisions depends in part, on whether the political goods provided by the government are sufficient in return to the taxes the taxpayers are paying.

Corruption: Lassen (2003) identifies corruption as another factor influencing tax morale. The author argues that if the political goods mix supplied by the government is very different from those they prefer or rate of transformation is low due to corruption, taxpayers may feel the attractiveness of the quid pro quo contract diminished and that could lead to lower tax morale and compliance. Arguing in the same vein, Torgler (2003) says that when government's integrity is down, individuals' tax compliance may be crowded out since government fails to honor his honesty. Positive actions by the government may cause taxpayers to develop positive attitudes and commitment to tax system and tax payment resulting into enhanced compliance behavior. According to Owolabi (2004) the long duration of corrupt practices in Nigeria has sadly changed people's moral orientation. He notes further that in economic and moral terms, corruption is very costly. It undermines confidence in the government whose moral authority is diminished. The presence of corruption undermines tax morale of the citizens who become frustrated and thus, there might be a crowding-out effect of morale among taxpayers when there is perceived wide-spread corruption in the system.

Equity and Fairness: Cowell (2002) shows that the goal of tax compliance can be achieved by both an economic and non-economic approach with tax morale analysis being an integral part of the latter. In this regards, Cowell (1992) argue that the individual's perception of personalized inequity or equity can be rationalized and reflected in their tax morale and compliance behavior, and tax morale increases with the individual's perception of equity. Falkinger (1995) points out concrete economic situations in which individuals reduce evasion if the socioeconomic system is considered to be relatively equal and fair so that the risk aversion level of the individual will increase with perceived equity. A number of survey research studies have reported positive correlations between perceptions of fiscal equity and tax morale and tax evasion may be seen as a reaction by the individual to restore equity (Song &Yarbrough 2008)

Benefits of Tax Compliance
Managerial Benefits: The concept of managerial benefits was first introduced by Sandford in the early 1980s in his study of the tax compliance costs of Value Added Tax (VAT) in the United Kingdom (UK). Sandford (2008) argued that the effect of complying with tax may not always be detrimental, as individuals who complete their tax return and file the necessary information, may at the same time be encouraged to engage in more

efficient management of their financial affairs. These benefits are likely to be more significant in the case of businesses (hence the terminology "*managerial* benefits") as compliance with the tax system will force the business owner to introduce a more efficient financial information system. Later, Tran-Nam (2000) proposed a broader definition of managerial benefits which extends to better decision making. According to him, "Management benefits come in the form of improved decision making brought about by the need to have more stringent record keeping in order complying with the requirements of tax law."

In the above definition, record keeping, particularly more stringent record keeping, is identified as the main source of managerial benefits. However, record keeping is a broad concept which encompasses a number of varied and multifaceted activities from which business taxpayers may be able to derive specific managerial benefits, a number of which were described by Sandford (1981). Two broad sources of managerial benefits can be identified: benefits generated from improvements to the accounting information system; and benefits derived from savings on other costs.

Improvements to the accounting information system: According to Pope (2001), these improvements are achieved as a result of the necessity to have a complete record keeping system that records all transactions. Compliance with VAT for instance, requires taxpayers to keep a record of their sales and purchases. In recent years, increasing tax compliance obligations have also been a major driver of the acquisition of computerized accounting systems (CASs) by SMEs. According to Pope (2001) notes further that small business owners in Australia stated that tax was the main reason for acquiring a computer. The acquisition of computers is potentially an important source of managerial benefits for small businesses as the use of technology is expected to bring substantial improvements to the Accounting Information System. These improvements come mainly in the form of the increased efficiency that is achieved when the use of a computerized accounting system (CAS) enables staff to perform the same task in less time, more accurately and using fewer resources (Roberts & Wood 2001). Effectiveness benefits can also arise because the use of technology allows owner-managers to perform new activities that contribute more to the value of the business than the old activities they replace (Roberts & Wood 2001).

Savings on other costs: Strictly speaking, savings on other costs should not qualify as managerial benefits as they do not result in additional information that will lead to better business decisions. However, since the costs associated with hiring an external accountant are essentially related to the acquisition of accounting or managerial information, it can be contended that savings on these costs constitute a managerial benefit (Lignier, 2009). The essence of Sandford's proposition was that, where businesses keep their records in-house for tax compliance purposes, they will not have to hire an external accountant to prepare their financial reports, or at least they will save on accountant time. This proposition assumes that the entity would still have to produce

accounts either for external parties or for internal purposes even if it did not have to comply with tax laws. Lignier (2009) indicates that a large majority of small business taxpayers would not use the services of an accountant if they did not have to comply with tax obligations. One would expect, from the above, that only a limited percentage of small business taxpayers would realize savings on accountancy fees because of tax compliance.

Savings may also be realized where business taxpayers are obtaining additional services for which they would otherwise have to pay, had they not hired an accountant for tax compliance reasons. Empirical evidence suggests that many accountants or other tax advisers were providing a variety of business services incidentally to tax related activities (Lignier 2009).

Cash Flow Benefits: These are benefits which arise either when income is not taxed (either at all or in sufficient amount) and remitted at the point at which it is received, and taxpayers (both individuals and firms) have the use of the tax revenue for a period before he tax is paid to the tax authority or from the lawful delay in the remittance of tax revenues collected by businesses on behalf of the government (e.g. PAYE or sales tax). Cash flow benefits to taxpayers can be negative if taxpayers either overpay their income tax liabilities during the tax year or have to remit tax revenue to the tax authority before collection. Cash flow benefits enjoyed by taxpayers can be viewed as costs to tax authorities. That is, Cash flow benefits to taxpayers are equal to Cash flow losses to tax authorities. This means that cash flow benefits to taxpayers represent a transfer within the economy, which reduces the compliance costs to taxpayers, but not the economy.

Theoretical Framework

This study is anchored on the theory of Economic deterrence models. Economic deterrence models in general are based on the theory that behaviour, in a wide range of contexts including tax evasion, is responsive to punishment or sanctions. Economic deterrence models tend to have a narrow, theoretical view of behaviour, reducing its dimensions to numerical measures and assigned probabilities from which outcomes can be predicted using calculus. In order to determine behaviour in this manner, economic deterrence models tend to rely upon a wide range of fundamental assumptions that are generally unrealistic. For example, that all people respond to a change in any one variable in an identical and predictable manner; that all taxpayers have a full knowledge of the probability of being audited; and that all taxpayers have the same level of risk preference. Although empirical testing has been limited, the theoretical principles of economic deterrence have been widely adopted by tax administrations in   developing enforcement strategies that rely principally on penalties and the fear of getting caught (McKerchar & Evans, 2009).

Methodology

Due to the lack of data on registered SME's in operating in Nigeria, it is difficult to obtain the actual population for the study. However, resulting from the practical

difficulties of accessing the population, a subset regarded as a sample was utilized. The nature and non-availability of publicly available secondary data on SME's necessitated the use of primary data for the study. The study made use of chi-square non-parametric statistics in the analysis of the data. The chi-square statistics is used in this study to show the relationship between the independent and dependent categorical variables. The chi-squared statistics tells how much difference exist between your observed counts and the expected counts if there was no relationship at all in the population.

Presentation of Results

Demographic Analysis

Table 1: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	185	52.3	52.3	52.3
	Female	169	47.7	47.7	100.0
	Total	354	100.0	100.0	

Source: Field survey, 2019

From the analysis of the data, 185 of respondents are male representing about 52.3% of the sample while 169 of the respondents are female and this represents 47.7% of the sample.

Table 2: Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30	42	11.9	11.9	11.9
	31-40	122	34.5	34.5	46.3
	41-50	137	38.7	38.7	85.0
	51-ABOVE	48	15.0	15.0	98.6
					100.0
	Total	354	100.0	100.0	

Source: Field survey, 2019

From the analysis of the data, 42 of respondents are between the age ranges of 21-30 yrs representing about 11.9% of the sample. 122 of the respondents are within the age range of 31-40 and this represents 34.5% of the sample. 137 of respondents are

between the age ranges of 41-50 yrs representing about 38.6% of the sample. 53 of the respondents are within the age range of 51-above and this represents 15% of the sample.

Table 3: Level of Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SSCE	6	1.7	1.7	1.7
	NCE/OND	57	16.1	16.1	17.8
	HND/BSC	247	69.8	69.8	87.6
	Post-graduate	44	12.4	12.4	100.0
	Total	354	100.0	100.0	

Source: Field survey, 2019

From the analysis of the level of education of respondents, 6 of respondents have SSCE age representing about 1.7% of the sample. 57 of the respondents have NCE/OND and this represents 16.1% of the sample. 247 of respondents have HND/BSC representing about 69.8% of the sample. Finally, 44 of the respondents have post-graduate degrees and this represents 44% of the sample.

Table 4: Number of work years operating the business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 1yr	17	4.8	4.8	4.8
	1-10yrs	142	40.1	40.1	44.9
	11-20yrs	90	25.4	25.4	70.3
	21-30yrs	89	25.1	25.1	95.5
	31yrs-above	16	4.5	4.5	100.0
	Total	354	100.0	100.0	

Source: Field survey, 2019

For number of working years, the data reveals that 17 of respondents are less than one year, representing about 4.8% of the sample. 142 of the respondents are within the range of 1-10 yrs and this represents 40.1% of the sample. Those between 11-20yrs are about 90 respondents representing about 25.4% of the sample. 89 of the respondents are within the range of 21-30yrs and this represents 25.1% of the sample and finally, 16 of the respondents are within the range of 31yrs and above representing 4.5% of the sample.

Analysis of Results

Table 5: Tax service quality can boost tax morale and improve compliance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	12	3.4	3.4	3.4
	Disagree	10	2.8	2.8	6.2
	Undecided	3	.8	.8	7.1
	Agree	156	44.1	44.1	51.1
	strongly agree	173	48.9	48.9	100.0
	Total	354	100.0	100.0	

Source: Field survey, 2019

The analysis of the distribution of the responses to Q6 reveal that 12 of respondents representing about 3.4% of the sample choose strongly agree, 10 of the respondents representing 2.8% the sample chose the disagree option, 3 of the respondents representing about 0.8% of the sample chose the undecided option. In addition, 156 of the respondents accounting for 44.1% of the sample chose the agree option and finally, 173 of the respondents representing 48.9% of the sample chose the strongly agree option.

Table 6: The manner in which taxpayers are treated in the course of the provision of tax service has impact on their compliance behaviour.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	2	.6	.6	.6
	Agree	20	5.6	5.6	6.2
	Undecided	37	10.5	10.5	16.7
	Disagree	169	47.7	47.7	64.4
	strongly disagree	126	35.6	35.6	100.0
	Total	354	100.0	100.0	

Source: Field survey, 2019

The analysis of the distribution of the responses to Q8 reveal that 2 of respondents representing about 0.6% of the sample choose strongly agree, 20 of the respondents representing 5.6% the sample chose the disagree option, 37 of the respondents representing about 10.5% of the sample chose the undecided option. In addition, 169 of the respondents accounting for 47.7% of the sample chose the agree

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option and finally, 126 of the respondents representing 35.6% of the sample chose the strongly agree option.

Table 7: The promptness and willingness of tax officials to assist tax payers has a direct effect on level of compliance.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	12	3.4	3.4	3.4
	Disagree	5	1.4	1.4	4.8
	Undecided	7	2.0	2.0	6.8
	Agree	189	53.4	53.4	60.2
	strongly agree	141	39.8	39.8	100.0
	Total	354	100.0	100.0	

Source: Field survey, 2019

The analysis of the distribution of the responses to Q8 reveal that 12 of respondents representing about 3.4% of the sample choose strongly agree, 10 of the respondents representing 2.8% the sample chose the disagree option, 3 of the respondents representing about 0.8% of the sample chose the undecided option. In addition, 156 of the respondents accounting for 44.1% of the sample chose the agree option and finally, 173 of the respondents representing 48.9% of the sample chose the strongly agree option

Table 8: The approach adopted by tax institutions will also influence the willingness of tax payers to comply. The tax may be presumptive.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	21	5.9	5.9	5.9
	Undecided	44	12.4	12.4	18.4
	Agree	155	43.8	43.8	62.1
	strongly agree	134	37.9	37.9	100.0
	Total	354	100.0	100.0	

Source: Field survey, 2019

The analysis of the distribution of the responses to Q9 reveal that 21 of respondents representing about 5.9% of the sample choose strongly agree, 44 of the respondents representing 12.4 % the sample chose the undecided option. In addition, 155 of the respondents   accounting for 43.8% of the sample chose the agree option and

finally, 134 of the respondents representing 37.9% of the sample chose the strongly agree option.

Table 9: The higher the penalty the greater discouragement for potential tax evasion.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	8	2.3	2.3	2.3
	Disagree	26	7.3	7.3	9.6
	Undecided	26	7.3	7.3	16.9
	Agree	142	40.1	40.1	57.1
	strongly agree	152	42.9	42.9	100.0
	Total	354	100.0	100.0	

Source: Field survey, 2019

The analysis of the distribution of the responses to Q10 reveal that 8 of respondents representing about 2.3% of the sample choose strongly agree, 26 of the respondents representing 7.3 % the sample chose the disagree option, 26 of the respondents representing about 7.3 % of the sample chose the undecided option. In addition, 142 of the respondents accounting for 40.1% of the sample chose the agree option and finally, 152 of the respondents representing 42.9% of the sample chose the strongly agree option.

Table 10: If there is proper enforcement of tax laws that punishes tax offenders the rate of compliance will increase.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	11	3.1	3.1	3.1
	Disagree	42	11.9	11.9	15.0
	Undecided	34	9.6	9.6	24.6
	Agree	119	33.6	33.6	58.2
	strongly agree	148	41.8	41.8	100.0
	Total	354	100.0	100.0	

Source: Field survey, 2019

The analysis of the distribution of the responses to Q11 reveal that 11 of respondents representing about 3.1% of the sample choose strongly agree, 42 of the respondents representing 11.9 % the sample chose the disagree option, 34 of the respondents representing about 9.6% of the sample chose the undecided option. In

addition, 119 of the respondents accounting for 33.6% of the sample chose the agree option and finally, 148 of the respondents representing 41.8% of the sample chose the strongly agree option.

Table 11: Penalty and fines can serve as deterrence to intending tax defaulters.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	2	.6	.6	.6
	Disagree	22	6.2	6.2	6.8
	Undecided	54	15.3	15.3	22.0
	Agree	145	41.0	41.0	63.0
	strongly agree	131	37.0	37.0	100.0
	Total	354	100.0	100.0	

Source: Field survey, 2019

The analysis of the distribution of the responses to Q12 reveal that 2 of respondents representing about 0.6% of the sample choose strongly agree, 22 of the respondents representing 6.2% the sample chose the disagree option, 54 of the respondents representing about 15.3% of the sample chose the undecided option. In addition, 145of the respondents accounting for 40.1% of the sample chose the agree option and finally, 131 of the respondents representing 37.0% of the sample chose the strongly agree option.

Table 12: The challenge associated with getting the relevant tax information from tax authorities can discourage compliance.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	7	2.0	2.0	2.0
	Disagree	9	2.5	2.5	4.5
	Undecided	38	10.7	10.7	15.3
	Agree	128	36.2	36.2	51.4
	strongly agree	172	48.6	48.6	100.0
	Total	354	100.0	100.0	

Source: Field survey, 2019

The analysis of the distribution of the responses to Q13 reveal that 7 of respondents representing about 2.0% of the sample choose strongly agree, 9 of the respondents representing 2.5 % the sample chose the disagree option, 38 of the respondents representing about 10.7% of the sample chose the undecided option. In

addition, 128 of the respondents accounting for 36.2% of the sample chose the agree option and finally, 172 of the respondents representing 48.6% of the sample chose the strongly agree option.

Table 13: A reduction in the cost of compliance with tax obligations can improve tax compliance.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	2	.6	.6	.6
	Disagree	46	13.0	13.0	13.6
	Undecided	56	15.8	15.8	29.4
	Agree	127	35.9	35.9	65.3
	strongly agree	123	34.7	34.7	100.0
	Total	354	100.0	100.0	

Source: Field survey, 2019

The analysis of the distribution of the responses to Q14 reveal that 2 of respondents representing about 0.6% of the sample choose strongly agree, 46 of the respondents representing 13.0% the sample chose the disagree option, 56 of the respondents representing about 15.8% of the sample chose the undecided option. In addition, 127 of the respondents accounting for 35.9% of the sample chose the agree option and finally, 123 of the respondents representing 34.7% of the sample chose the strongly agree option.

Table 14: Simplification of the tax system that reduces taxpayers' expenditures in time and money to comply with the tax law will improve tax compliance.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	8	2.3	2.3	2.3
	Disagree	23	6.5	6.5	8.8
	Undecided	13	3.7	3.7	12.4
	Agree	163	46.0	46.0	58.5
	strongly agree	147	41.5	41.5	100.0
	Total	354	100.0	100.0	

Source: Field survey, 2019

The analysis of the distribution of the responses to Q15 reveal that 8 of respondents representing about 2.3% of the sample choose strongly agree, 23 of the

respondents representing 6.5% the sample chose the disagree option, 13 of the respondents representing about 3.7% of the sample chose the undecided option. In addition, 163 of the respondents accounting for 46.0% of the sample chose the agree option and finally, 147 of the respondents representing 41.5% of the sample chose the strongly agree option.

Table 15: Extensive use of electronic/online platforms for conducting tax transactions can reduce complexity and improve compliance.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	26	7.3	7.3	7.3
	Disagree	41	11.6	11.6	18.9
	Undecided	54	15.3	15.3	34.2
	Agree	156	44.1	44.1	78.2
	strongly agree	77	21.8	21.8	100.0
	Total	354	100.0	100.0	

Source: Field survey, 2019

The analysis of the distribution of the responses to Q16 reveal that 26 of respondents representing about 7.3% of the sample choose strongly agree, 41 of the respondents representing 11.6% the sample chose the disagree option, 54of the respondents representing about 15.3% of the sample chose the undecided option. In addition, 156 of the respondents accounting for 44.1% of the sample chose the agree option and finally, 77 of the respondents representing 21.8% of the sample chose the strongly agree option.

Test of Hypotheses
Decision Rule
We accept the null hypothesis if chi-square asymptotic value is > 0.05 at 5% significance level, otherwise we reject the null and accept the alternative.

Hypotheses 1:
Ho_1: Education level has no significant influence on voluntary tax compliance
To test this hypothesis, we conduct the chi-square analysis.

Table 16. Test Statistics

Chi-Square	47.949[a]
Df	4
Asymp. Sig.	.0300

Source: SPSS, 22.0.

The chi-square test statistics stood at 47.949 and is not significant at 5% as shown by the asymptotic sig value of 0.7600. Hence, we reject the null hypotheses that Education level has no significant influence on voluntary tax compliance

HYPOTHESES 2:
Ho$_2$: Perception of Tax service quality has no significant influence on voluntary tax compliance.
To test this hypothesis, we conduct the chi-square analysis on statement
Table 17. Test Statistics

Chi-Square	38.960[a]
Df	4
Asymp. Sig.	.000

Source: SPSS, 22.0

The chi-square test statistics stood at 38.960 and is not significant at 5% as shown by the asymptotic sig value of 0.000. Hence, we reject the null hypotheses that Perception of Tax service quality has no significant influence on voluntary tax compliance.

Hypotheses 3:
Ho$_3$: Threat of penalty and fines has no significant influence voluntary tax compliance.
To test this hypothesis, we conduct the chi-square analysis on statement 11.
Table 18. **Test Statistics**

	VAR00012
Chi-Square	78.345[a]
Df	4
Asymp. Sig.	.000

Source: SPSS, 22.0.

The chi-square test statistics stood at 78.345 and is not significant at 5% as shown by the asymptotic sig value of 0.000. Hence, we reject the null hypotheses that the threat of penalty and fines has no significant influence voluntary tax compliance.

Hypotheses 4:
Ho$_4$: Complexity of the tax system influences voluntary tax compliance.
To test this hypothesis, we conduct the chi-square analysis on statement 11.
Table 19. **Test Statistics**

	VAR00012
Chi-Square	12.655[a]
Df	4
Asymp. Sig.	.481

Source: SPSS, 22.0.

The chi-square test statistics stood at 12.655 and is not significant at 5% as shown by the asymptotic sig value of 0.000. Hence, we accept the null hypotheses that complexity of the tax system influences voluntary tax compliance.

Implication of Findings
Firstly, there is a need for tax authorities to work at improving the quality of tax service because it was found to play a crucial role in affecting voluntary compliance. The quality of service in terms of simplicity of the tax process and also accessibility of tax authorities are very key areas that if improved, can enhance voluntary compliance.

In addition, there's the need for tax authorities to engage in massive campaigns to enlighten SME's on tax issues and especially with regards to the self-assessment scheme that is now in operation. Regular training of SME owners can help to improve their education and awareness about the necessary benefits of filling tax returns voluntarily.

Finally, consistent efforts must be made continually to reduce the complexity with tax systems. There should also be periodic tax shops that can be set up by tax authorities where SME's that cannot afford tax consultants and are having issues with their tax computations can be given assistance.
This section presents the summary of the study findings, the conclusion and the recommendation

Recommendations
The evidence from statistical records shows that the proportion of income taxes to the government's total revenue has been abysmal and is the lowest in West Africa. Though efforts have been intensified by the tax bodies both at the federal and state levels to improve the tax proportion of internally generated revenue, the efforts have not been without serious challenges especially from tax payers. It is practically the case the taxable individuals simply do not want to pay taxes voluntarily except government tax officials come knocking. Consequently, there is the need to investigate what factors will influence

individuals to comply voluntarily with their tax obligations as at when due. Using a survey research design, the study found that (i) Education level has a significant relationship with voluntary tax compliance, (ii) perception of Tax service quality has a significant influence on voluntary tax compliance, (iii) threat of penalty and fines has no significant influence voluntary tax compliance and (iv) Complexity of the tax system has no significant influence on voluntary tax compliance.

Based on the study findings, the following recommendations are made;

Firstly, it appears that the level of Education of SME operators plays a huge role in influencing voluntary tax compliance. Hence the study recommends that the need for both formal and non-formal trainings for SME operators.

Secondly, tax authorities should work at improving their tax service quality as this has been found to influence voluntary compliance.

Thirdly, tax authorities must also make it clear to tax defaulters that severe consequences will be melted on them. This sense of threat of penalty and fines can go a long way to discourage SME's from evading taxes.

Finally, many SME's do not understand the basics of tax filling especially under the new self-assessment regime. Thus, the study recommends that there is the need to reduce any bottlenecks and complexity in the tax system so as to make it easier for SME's to comply voluntarily.

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